Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Message Text

CONFIDENTIAL

PAGE 01 VIENNA 08448 081723Z

55
ACTION IO-13

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TO USMISSION USUN NEW YORK PRIORITY
INFO SECSTATE WASHDC PRIORITY 9796

C O N F I D E N T I A L VIENNA 8448

E.O. 11652: GDS
TAGS: UNIDO, AFIN
SUBJECT: REVISED UNIDO PROGRAM BUDGET FOR 1976-77

REF: VIENNA 8197

1. FOLLOWING POINTS, SOME OF WHICH EMERGED FROM LUNCHEON MEETING WITH UNIDO SECRETARIAT CHIEF OF BUDGET SECTION PICHLER MAY BE HELPFUL IN CONNECTION WITH UPCOMING EXAMINATION OF UNIDO'S REVISED 1976-77 PROGRAM BUDGET. PICHLER IS SCHEDULED TO ACCOMPANY KHANE TO ACABQ HEARING.

2. FOR PURPOSES OF PRODUCING REVISED 1976-77 BUDGET NEW YORK BUDGET DIVISION ALLOWED UNIDO A PROGRAM GROWTH OVER PREVIOUS 30TH GA APPROPRIATIONS FOR THIS PERIOD OF BETWEEN 4.5 AND 5.5 PERCENT ON THE GROUNDS THAT UNIDO WAS "A SPECIAL CASE" WITHIN THE UN PROGRAM BUDGET GIVEN THE TASKS ASSIGNED TO IT BY THE LIMA CONFERENCE. AS PREVIOUSLY REPORTED, THE PROGRAM INCREASE RESULTING FROM THE ZERO-BASED RESTATEMENT OF UNIDO'S PROGRAM BUDGET AMOUNTS TO 6.3 PERCENT. THIS SUBSTANTIALLY INCREASED LEVEL OF UNIDO'S BUDGET WAS NOT OBJECTED TO BY NEW YORK AS SUCH. IT REQUIRED UNIDO ONLY TO JUSTIFY THE PROPOSED EXPENDITURES WITH DETAILED BACK UP INFORMATION ON HOW THE RESOURCES REQUESTED WOULD BE UTILIZED, E.G., HOW IT PROPOSED TO UTILIZE
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PAGE 02 VIENNA 08448 081723Z

THE SUBSTANTIAL INCREASES REQUESTED FOR CONSULTANTS.

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

3. THE DOLLAR-SCHILLING RATE USED TO RECALCULATE
THE BUDGET WAS 18.45. IN RECENT MONTHS THE DOLLAR
HAS SIGNIFICANTLY DEPRECIATED FROM THIS RATE AND UNIDO
NOW FORESEES THE NEED TO RECALCULATE ITS REQUIREMENTS.
AT THIS TIME PICHLER REGARDS A RATE OF 17.50 AS THE
MINIMUM FOR SUCH RECALCULATION (ACTUALLY THE DOLLAR-
SCHILLING RATE HAS BEEN BELOW THIS FIGURE). ON THIS
BASIS PICHLER ESTIMATES THAT ANOTHER $1.1 MILLION
WILL HAVE TO BE ADDED TO THE ALREADY PROPOSED INCREASE
OF SOME $3 MILLION.

4. SIXTY ADDITIONAL POSTS ARE BEING
REQUESTED OF WHICH 27 WOULD BE FINANCED FROM THE
REGULAR BUDGET. THE BUDGET ESTIMATES FOR THESE
POSTS ARE ON THE BASIS OF ONE-QUARTER OF THE BIENNIUM,
SO THAT THE FULL FINANCIAL IMPACT OF THIS INCREASE IN
STAFF WILL APPEAR ONLY IN THE 1978-79 BUDGET.

5. WE HAVE NOT BEEN ABLE TO ESTABLISH WHETHER THE
ZERO-BASED PROGRAM BUDGET EXERCISE RESULTED IN THE
ELIMINATION OR POSTPONEMENT OF SPECIFIC SUBSTANTIVE
ACTIVITIES SIMULTANEOUSLY WITH INTRODUCTION OF NEW
ELEMENTS INTO THE PROGRAM. IT MIGHT BE DESIRABLE
TO DETERMINE WHETHER KHANE IS ABLE TO GIVE EXAMPLES
OF ACTIVITIES PREVIOUSLY ENGAGED IN BY UNIDO
WHICH HAVE BEEN DOWNGRADED IN ORDER BETTER TO FOCUS
UNIDO'S PROGRAM OF WORK ON ACTIVITIES CALLED FOR BY
THE LIMA CONFERENCE, PURSUANT TO PRESUMED INTENT
OF GA RES 3533.

6. AS REGARDS THE SUBSTANTIAL INCREASE REQUESTED FOR
CONSULTANT FUNDS, PICHLER SAID THAT THE
BACK-UP WORKSHEETS PREPARED BY THE SECRETARIAT GIVE DETAILED
INFORMATION ON HOW THE MONIES WOULD BE USED,FOR WHAT
STUDIES AND WHICH CONSULTANTS. IN RESPONSE TO OUR
REQUEST TO HAVE A LOOK AT THESE, PICHLER SAID THEY WERE
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7. WITH RESPECT TO THE REQUEST FOR AN ADDITIONAL
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PAGE 03 VIENNA 08448 081723Z

$225,000 FOR OFFICIAL TRAVEL, THE FOLLOWING MAY BE
USEFUL AS BACKGROUND INFORMATION IN PROBING UNIDO'S
UTILIZATION OF SUCH MONIES: (A) UNIDO SENT FOUR
PROFESSIONALS TO ATTEND A RECENT INTER-AGENCY MEETING ON
LANGUAGE ARRANGEMENTS - PRINTING IN ROME; THE
IAEA SENT ONLY ONE STAFF MEMBER , (B) A RECENT MEETING
IN WASHINGTON OF UN PUBLIC INFORMATION
OFFICERS WAS ATTENDED BY TWO UNIDO STAFF

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MEMBERS; INTERNAL COMMENT IN THE SECRETARIAT
SUGGESTS THAT THE SENIOR OF THESE TWO OFFICERS
INSISTED ON ALSO GOING, ALTHOUGH HE IS NOT
IMMEDIATELY RESPONSIBLE FOR UNIDO'S
PUBLIC INFORMATION SERVICES SECTION AND THE ORGANIZATION
COULD HAVE BEEN EFFECTIVELY REPRESENTED AT THE MEETING
SOLELY BY THE RESPONSIBLE OFFICER. THERE IS
EVIDENCE THAT TRAVEL MONEY IS WASTED EVEN WHERE THE
PROGRAM OBJECTIVES OF THE TRAVEL ARE HIGHLY
DESIRABLE, BECAUSE OF FAILURE TO PREPARE FOR
FIELD MISSIONS BY GOOD STAFF AND LIAISON WORK WITH
THE HOST GOVERNMENTS SO THAT FIELD TRIPS ARE PRODUCTIVE.
A CONFIDENTIAL REPORT ON A RECENT FIELD MISSION
TO SEVEN AFRICAN COUNTRIES DESIGNED TO DETERMINE
WHETHER THE RECIPIENT GOVERNMENTS WERE
INTERESTED IN A LENGTHY LIST OF PROJECTS BEING
PROPOSED BY UNIDO, WHICH REPORT HAS COME INTO THE
POSSESSION OF THE MISSION, SHOWS THAT FOR MANY OF THE
COUNTRIES VISITED LITTLE OR NO ADVANCE PREPARATION
WAS UNDERTAKEN FOR THE MISSION'S VISIT
EITHER THROUGH THE UNDP RESREP OR THE LOCAL
SENIOR INDUSTRIAL DEVELOPMENT ADVISER WITH THE
INEVITABLE RESULT THAT THE MISSION CONTRIBUTED LITTLE
OR NOTHING IN RESPECT OF PROGRESS IN THIS MATTER.
(MISSION POSSESSION OF THIS REPORT, WHICH IS BEING CLOSELY
HELD, SHOULD NOT BE DISCLOSED TO AVOID PREJUDICING
OUR SOURCES OF INFORMATION AND POSITION IN THE
ORGANIZATION OF THE AUTHOR OF THE REPORT.)

8. IN CONNECTION WITH SPECIFICS OF UNIDO'S TABLE
OF ORGANIZATION FOLLOWING SITUATION IS OF INTEREST.
POSITION OF CHIEF OF GENERAL SEFVICES SECTION - A
POST OF CONSIDERABLE INTEREST TO US BECAUSE IT
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PAGE 04 VIENNA 08448 081723Z

EXERCISES BROAD RESPONSIBILITIES OVER EXPENDITURES
OF SUBSTANTIAL AMOUNTS OF MONEY AND HAS BEEN OCCUPIED
BY A SENIOR AMERICAN OFFICER SINCE UNIDO'S REORGANIZATION -
HAS SINCE 1971 BEEN GRADED AT THE D-1 LEVEL
PURSUANT TO THE RECOMMENDATIONS OF THE UN ADMINISTRATIVE
MANAGEMENT SURVEY. ALTHOUGH THE RESPONSIBILITIES
OF THE POST HAVE SINCE INCREASED, THE EXECUTIVE
DIRECTOR UPON REORGANIZATION OF UNIDO AND THE TRANSFER
OF THE PRESENT INCUMBENT INTO THE POST REDUCED IT
TO P-5 LEVEL. HIS EXPLANATION HAS BEEN THAT HE WISHED
TO USE THE D-1 POST ELSEWHERE. IN THIS CONNECTION,
TINBRELL, DIRECTOR IN THE NY OFFICE OF GENERAL SERVICES
IN A MEMORANDUM TO THE DIRECTOR OF THE BUDGET DIVISION
OF OCT. 30, 1975, EXPRESSED HIS INABILITY TO UNDERSTAND
THE BASES FOR THIS DOWNGRADING. THIS SITUATION THREATENS

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A LOSS OF INTEREST ON THE PART OF THE AMERICAN
NATIONAL IN A POSITION THAT IS IMPORTANT AS
REGARDS CLOSE CONTROL OF UNIDO EXPENDITURES. THE
POSITIONS OF THE TWO SISTER SECTIONS OF THE DIVISION
OF ADMINISTRATION - FINANCIAL SERVICES AND PERSONNEL
SERVICES - ARE BOTH GRADED AT D-1.STIBRAVY

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Margaret P. Grafeld
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